HEALTH CARE FOR MONTANANS

■ *GOVERNOR STAN STEPHENS*

■ *AGENCY SPONSORS:*

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INTRODUCTION

In the fall of 1990, Governor Stephens appointed a number of working committees to address the problem of access to health care for the uninsured. The committee recommendations were submitted to the Governor in December of 1990.

Upon review of the Final Report, Governor Stephens personally committed to working on successful implementation of the five steps outlined in this summary. Because changing health care is an ongoing process, the final action step is a commitment of executive branch staff and financial resources to continuing the search for solutions to problems in the health care arena.

Governor Stephens believes these steps provide positive, appropriate direction for Montana in addressing the complex issue of health care access. They are not a total solution; just a beginning. Also, we must acknowledge that some changes are not possible instate because of the federal design of the Medicaid and Medicare programs. Potential changes in these programs await Congressional action.

(All committee recommendations are contained in the working committees' Final Report on Health Care for Montanans.)

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Copies of the full report are available upon request from the Department of Social and Rehabilitation Services, P.O. Box 4210, Helena, MT 59604

PROJECT GOALS

1. *To expand private health insurance coverage so that the majority of working or self-employed Montanans and low income children have access to basic primary and preventive care.*

2. *To provide basic health care to low income Montanans by ensuring that providers are adequately reimbursed so that cost shifts to the general public are reduced.*

3. *To develop a strategy to improve long-term care services while containing costs.*

ACCESS TO HEALTH CARE A GROWING PROBLEM

"There is a rapidly increasing number of people who no longer have access to appropriate health care services."

There is a rapidly increasing number of people who no longer have access to appropriate health care services. Approximately 20 percent or 141,600 of Montana's residents under age 65 are uninsured. A majority of these people are workers and their dependents who have simply been "priced out" of the insurance market. Thirty-five percent or 49,430 of these uninsured are children under 18 years of age.

This crisis for the uninsured is coming at the same time state Medicaid expenditures are increasing at an alarming rate. From fiscal 1981 to fiscal 1991 the number of persons served under the Medicaid program increased 40 percent, the average cost per case increased 70 percent, and total expenditures for the program increased 139 percent. Given these increases, it is not surprising that the fastest-growing sector of the Montana state general fund budget is health care.

Immediate steps must be taken to improve access to affordable quality health care for all Montanans either through Medicaid, Medicare, or affordable health insurance. As solutions are developed, government sponsored programs such as Medicaid and Medicare should be designed as supplementary to private insurance programs rather than as the primary payer of health care costs.

OUTLINE OF GOVERNOR STEPHENS' PROPOSAL

"Immediate steps need to be taken to insure access to affordable, quality health care."

Step 1. ***Expand private health care coverage for working people***

- Provide exemptions from mandates and allow private insurance to market a basic health care plan to Montana's small business.
- Provide small business tax incentives to purchase health insurance.

Step 2. ***Expand health care coverage of children***

- Expand Medicaid program and early intervention services for children.
- Undertake a public/private partnership in providing preventive insurance to children.
- Continue adequate immunizations of children.

Step 3. ***Expand availability of physicians and other medical services in rural areas through legislation and executive action***

Step 4. ***Improve access to long-term care***

- Provide elderly care credits.
- Provide long-term care insurance tax deduction.
- Expand Medicaid waiver expansion.
- Develop a personal care facilities pilot project.
- Increase nursing home fees in order to improve services.
- Test single point of access.
- Study the "Connecticut plan."

Step 5. ***Commitment to continuation of the process***

Governor Stephens:

- proposes redesigning the State Medical Program in order to provide funds for Kids Count and to more cost effectively manage the services provided.
- proposes authorization for SRS to use $79,666 in new federal community services block grant funds for the biennium to continue health care planning activities.
- directed his executive staff to work with the Board of Regents and University System to jointly undertake projects to improve health care access.
- will host a one-day meeting in the Spring of 1991 to provide a forum on legislative action and develop a mechanism for continuing to address the issue.
- will host a major conference in the Fall of 1992 on the status of state and national health care issues to help outline continuing necessary legislation for the 1993 session.

STEP 1. EXPAND PRIVATE HEALTH CARE COVERAGE FOR WORKING PEOPLE

PROBLEM:

"There are an estimated 141,000 Montanans without health insurance."

There are an estimated 141,000 Montanans without health insurance. Many of these are people or dependents of people working for small businesses who do not provide health insurance coverage. To expand access to care, it is imperative that small businesses traditionally unable to afford health insurance be encouraged to provide basic coverage to employees. While difficult to quantify, uncompensated care results in indirect costs in terms of rising hospital costs and cost shifting to state government and to individuals with health insurance. Thus, it is in the public interest to encourage private insurance companies to offer low cost health insurance in Montana and to encourage small businesses to provide insurance to employees.

Currently, Montana law requires that if a company provides health insurance, it must cover certain services. These required services are called mandates. The requirements were passed with positive intent to expand health insurance coverage for insured individuals. However, the mandates have made coverage too expensive for some small businesses. Thus, an indirect consequence of legislatively mandated coverage has been a reduction in the number of businesses able to provide coverage at all. Some large businesses have avoided providing mandated coverage by developing self-insurance pools. Small businesses do not have this luxury.

RECOMMENDATIONS:

❶ *Allow exemptions from mandates and allow private insurance to market a basic health care plan to Montana's small business*

To encourage small businesses to provide insurance, Governor Stephens proposes a legislative package to allow insurance carriers to sell a basic health care plan to small Montana employers. Businesses will be encouraged to buy the insurance with tax incentives. The proposal includes provision to ensure that large employers or currently insured employers do not drop or reduce their current insurance to the basic plan. Similar proposals have recently been passed in Virginia, Washington, Missouri, Kentucky, Rhode Island, Illinois and Oklahoma. This is a new concept in the provision of insurance and the success of this proposal must be carefully evaluated. The administration would consider the measure successful if 2,000 new businesses purchased insurance during the biennium.

The proposed legislative package would provide the opportunity for a basic health care plan to:

- *employers with 20 or fewer employees*
- *families of disabled or injured workers*
- *unemployed workers*
- *individuals with medical support obligations*
- *self-employed*
- *employees working within small businesses.*

(An eligible business must not have had health insurance in the last twelve months. There is no waiting period for the injured, disabled and unemployed workers, or those who have medical support obligations.)

To encourage competition and keep plan costs at minimal levels, broad flexibility is given to insurers in terms of coverage, deductions, and co-

payments. Estimates from the insurance industry indicate this plan could be offered to employers, assuming a $250 deductible, at about $57 per employee per month. Obviously, this is just an estimate; actual costs of plans offered by carriers will vary. Carriers will be encouraged to reduce plan costs through deductibles and co-payments. (See Table 1 for Plan outline.)

TABLE 1
Proposed Basic Plan

THE BASIC PLAN:	
a.	Maternity and newborn services
b.	Well child checkups and immunizations for children under the age of two years
c.	Psychiatric care and substance abuse treatment—a life-time total benefit of $1,000 for either licensed inpatient or outpatient care by any Montana licensed provider or licensed facility
d.	Hospital and other medical services
BUSINESS QUALIFICATIONS:	
a.	Businesses with 20 or fewer employees (employees are defined as anyone working 20 or more hours per week)
b.	A company must have been without health insurance for twelve consecutive months (there is no waiting period for individual coverage for injured workers)
SMALL BUSINESS TAX INCENTIVE QUALIFICATIONS:	
a.	Existing Montana businesses who do not offer health insurance
b.	Credit can apply up to ten employees
c.	Business must pay at least 50% of employees' health insurance costs
d.	Credits are graduated up to $25 per month. Example: 50% payment by the company equals a credit of $12.50, 75% payment equals a credit of $18.75, and 100% equals $25.00
e.	The credit would sunset in three years

❷ *Provide tax incentives to small business who purchase health insurance*

To encourage businesses to offer health insurance, tax incentives are included in the legislative package. While the Department of Revenue estimates that the cost to the general fund is minimal, we believe expansion of health insurance will have a corresponding cost reduction to the public either through reduced use of public programs, uncompensated care in hospitals, and cost shifting by providers and insurance companies to insured individuals.

STEP 2. EXPAND HEALTH CARE COVERAGE OF CHILDREN

PROBLEM:

There are an estimated 49,430 Montana children not receiving the medical care necessary to promote and maintain good health. Not only do uninsured children not receive medical attention when they are sick, they also do not receive preventive care. These children are from families who do not qualify for Medicaid or State Medical assistance, but are unemployed or marginally employed and cannot afford private health insurance.

In addition to the alarming number of uninsured children, between 35,000 and 45,000 women of childbearing age lack insurance to pay for prenatal and maternity care. Inadequate prenatal care can result in low birth weight babies and a high rate of infant mortality. In Montana, a low birth weight baby is born every twelve hours and every three days one baby under the age of one year dies.

"...every three days one baby under the age of one year dies."

In 1988, the Montana Medicaid Program spent $4.2 million (51% of the total delivery budget) on only 4% of the births. A majority of the newborns had low birth weight which could have been prevented with appropriate prenatal care. These costs do not include the average lifetime medical costs of $400,000 to care for a low birth weight baby.

RECOMMENDATIONS:

❶ *Expand Medicaid program and early intervention services for children*

Governor Stephens and SRS staff have developed a legislative package called Kids Count. It is designed to promote health and prevent disease in infants, children and adolescents by improving access to health care for Medicaid-eligible children and pregnant women. Children represent approximately 40% of Montana's Medicaid population but only 11% of the total Medicaid budget. The Kids Count package represents a general fund investment in our children of almost $3.6 million dollars for the 1993 biennium. The package includes a broad array of new and expanded services including:

- *Improving access to obstetrical, pediatric, and dental care through expanded Medicaid eligibility and increased Medicaid reimbursement;*
- *Expanding the Early, Periodic, Screening, Diagnosis and Treatment Program (renamed Kids Count) to include case management, increases in the number of screens, and expanded treatment services;*
- *Implementing a statewide outreach and education campaign called "Baby Your Baby" to educate pregnant women about the importance of early and continuous prenatal care and the need for healthy habits during pregnancy;*
- *Implementing Medicaid targeted case management services to identify high risk pregnant women and help them arrange and use services appropriately;*
- *Providing early intervention services for children determined to be at risk of developmental delay; and*
- *Providing Medicaid coverage for services provided in rural health clinics and federally qualified health centers.*

The Kids Count proposals can save the state substantial long-term expenditures by ensuring access to early preventive and primary care for children and pregnant women. Early treatment can influence long-term outcome and

maximize a child's potential (specifics of the proposal are listed in Table 2). Medicaid data show that the cost of medical care for children who have participated in early screening and well-child care is up to one-third less than the cost of care for unscreened children.

TABLE 2
Specifics of the Kids Count Proposal Contained In SRS Budget

KIDS COUNT PROPOSAL
1. Increase Medicaid fees for obstetrical procedures to 90% of the average customary charge;
2. Implement a targeted case management system using Medicaid funding for women who are identified by assessment to be at high risk of not delivering a full-term baby;
3. Continue education of pregnant women on the importance of prenatal care through the "Baby Your Baby" project and encourage agencies to help fund corporate sponsors;
4. Adopt the American Academy of Pediatrics Preventive Screening schedule for eligible Medicaid children, increasing the number of screens from twelve to twenty during the first twenty years of life;
5. Increase Medicaid fees for pediatric services to 80% of the average customary charge;
6. Expand early intervention program for infants and toddlers determined to be at risk of development delay.

❷ *Undertake a public/private partnership in providing preventive insurance to children*

Blue Cross and Blue Shield has instituted a program in twelve states to help provide preventive health insurance coverage to Medicaid-ineligible low income children not covered by other insurance. This program, called the "Caring Program for Children," currently operates successfully in Alabama, Iowa, Kansas, Maryland, Missouri, New York, North Carolina, North Dakota, Ohio, Pennsylvania, and Wyoming. It is financed by donations from the private sector and the health care community in the form of reduced fees. Blue Cross and Blue Shield donate program administrative services and state agencies provide eligibility determination and referral. The program success relies on interagency coordination and support, health care providers, and the private sector.

Governor Stephens strongly supports a public/private partnership aimed at meeting some of the health care needs of low income children. Blue Cross and Blue Shield of Montana has made the commitment to develop and implement this program in Montana in conjunction with state government. Eligibility for the program would include children whose family incomes are low, but above the poverty level. The program goal is to enroll 500 children in the first year. (See plan outline in Table 3.)

TABLE 3
Outline of Montana's Caring Program for Children

PURPOSE:

1. To provide immunizations and early diagnoses that may help prevent children from becoming seriously ill
2. To maintain the health of children
3. To provide emergency health care services

BENEFITS PROVIDED FOR CHILDREN:

1. Doctor well/sick office visits
2. Emergency accident and medical treatment
3. Outpatient surgical care
4. Immunizations and inoculations
5. Prescriptions

FUNDING:

1. Provided by contributions to the Caring Foundation of Montana, Inc., a nonprofit IRS 501(C)(3) subsidiary of Blue Cross and Blue Shield of Montana through individual, business, civic, and community support.

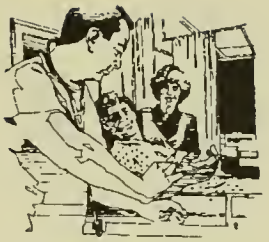
COMMITMENT:

1. Blue Cross and Blue Shield of Montana, as its contribution, will donate all administrative and program costs for the Caring Program. This means that 100% of donated funds will be used to provide health care services for children. This effort is in keeping with Blue Cross and Blue Shield's effort to make affordable health care available to children of eligible families.

❸ *Immunizations of Children*

Montana's immunization program is possibly not adequately funded to meet current needs plus the costs of new vaccines. The Department of Health met vaccine needs last fiscal year through supplemental vaccine allocations by the Federal Government. Thus, the Department was unable to establish the need for the Governor's Budget Office to allocate new state resources to vaccine in the next biennium budget. The uncertainty of vaccine demands, the changing recommendations for immunization of children, and the uncertainty of the amount of federal assistance require ongoing assessment.

National data show that for every $1 spent on child immunization, the government saves $10 on medical costs. It is clear that vaccinating children is a cost-effective way to reduce health risks and subsequent health care costs. In order to encourage the broadest vaccination possible of Montana's children, Governor Stephens is asking the Department of Health to develop and implement an immunization plan so the Legislature and Governor's Budget Office will have an accurate cost measure for future budgeting based on actual need.



STEP 3. EXPAND AVAILABILITY OF PHYSICIANS AND OTHER MEDICAL SERVICES IN RURAL AREAS

PROBLEM:

Montana is experiencing a loss of physicians, and hospital and provider services in rural areas. Eighteen counties presently function without any physician and twenty-two counties without physicians who deliver babies. The negative economic and social impact of physician and hospital loss on a rural community includes:

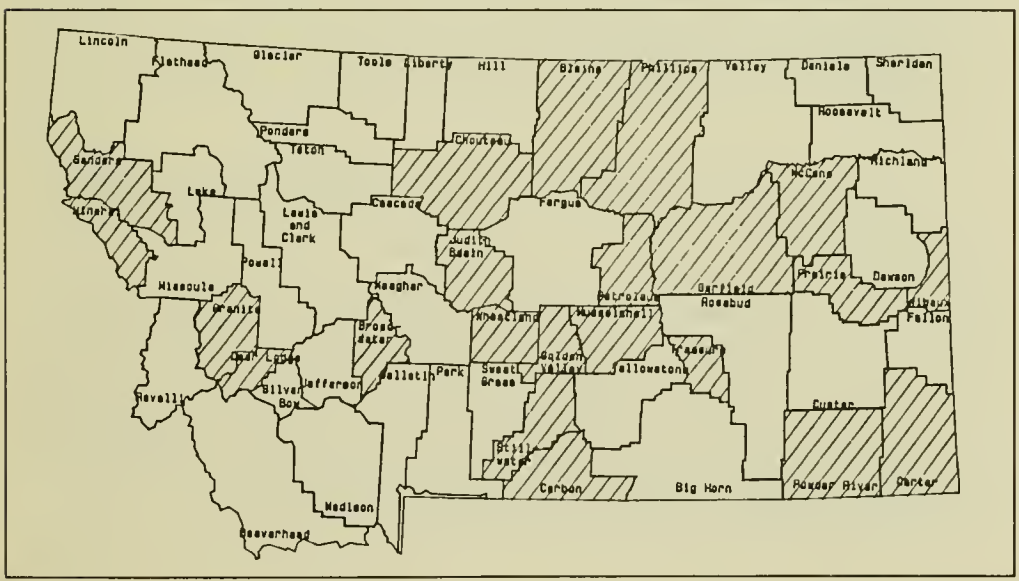
- *Lack of access to emergency care;*
- *Lack of obstetrical/pediatric care;*
- *Lack of access to care for an aging population (many on fixed incomes) who must travel long distances complicated by disabilities, hearing loss, sight loss, need of a traveling companion, and resulting increased costs for transportation, food, and lodging;*
- *Loss of revenue base to a community.*

"Over the past decade physicians continued to exodus in mass from rural Montana."

Because of the declining number of physicians in Montana in the past decade, our ability to provide adequate perinatal care to women and infants in rural areas has significantly eroded. In fact, Montana has always had problems with care in rural areas. In the 1970's, the National Health Service Corporation Scholarship Program provided 3,300 medical service providers, mostly primary care physicians, assigned to rural areas. Congress ended the scholarship program in 1981 and there are only a few physicians still practicing in Montana as a result of that program. Over the past decade physicians continued to exodus in mass from rural Montana. Even more have given up obstetrics.

Certainly declining county population has an influence on physician loss. In addition, no single factor may be more important to this loss or exodus than malpractice insurance related problems. Recent statistics provided by the Montana Academy of Family Physicians and the Montana Medical Association clearly illustrate this loss of physician providers. (See Table 4.)

TABLE 4
Montana Counties Without Physicians Who Deliver Babies



In 1990, 22 counties were without physicians who deliver babies

"...for every dollar spent in early prenatal care, $3-4 will be saved over the long term."

In sparsely populated areas, physicians depend upon one another for backup and consultation. When a physician leaves or terminates a service, additional pressure is placed on the remaining doctor(s), frequently triggering a chain reaction resulting in further physician loss. Then, because of the lack of providers, the obstetrical unit in the local hospital closes, forcing women to turn to other towns and other providers for perinatal services, an added expense to the economically disadvantaged rural family. The course is then set for inadequate perinatal care and pre-term delivery with resultant low birth weight infants and, as we have seen, an increase in the infant mortality rate. This is a tragedy to those who suffer the loss, it is also expensive. Available data indicate that for every dollar spent in early prenatal care, $3-4 will be saved over the long term.

Inadequate compensation by Medicaid can lead to termination of obstetrical services or refusal to participate in the Medicaid program. Adequate compensation becomes an important motivation for physicians as the number of Medicaid-eligible women expands and the number of physicians who practice obstetrics declines.

RECOMMENDATIONS:

❶ *Legislation*

- *As noted in Step 2, Governor Stephens is requesting that the Legislature approve increased Medicaid rates for obstetrical and pediatric services. This action will improve access to care for pregnant women and children and help provide financial support for physicians in rural and economically deprived areas.*
- *Governor Stephens is proposing legislation to provide a tax credit of $5,000 a year, not to exceed three years, for new physicians locating in rural areas. Rural is defined as communities where the hospital is fifty beds or fewer or where no hospital is present.*

❷ *Executive Action*

Currently, there are 48 openings for doctors in Montana. In order to address the shortage of physicians in rural areas, Governor Stephens is recommending the following action:

- *The Board of Regents would impose an 8% tuition surcharge on all WAMI/WICHE medical students.*
- *The 8% surcharge money would create a pool of funds to entice doctors to practice in rural areas of Montana. The program could recruit up to seven physicians per year. For the purpose of this proposal, rural would be defined as an area with no hospital or a hospital with fifty beds or less.*
- *The incentive pay provided to each returning physician would be administered by the Board of Regents to be paid as follows: $4,000 the first year, $6,000 the second, $8,000 the third, and $12,000 the fourth and final year.*

The Governor believes when this program is applied with the aforementioned tax credits and incentives from communities, that the state will have a viable program of physician recruitment for rural areas within the state.

- *The Governor has directed SRS staff to review unusual costs of providing health care services in rural areas and extraordinary costs of health care service delivery as part of a study of hospital costs to be undertaken in fiscal year 1992. The cost of the hospital rate study is included in the Governor's executive budget request to the Legislature.*

STEP 4. IMPROVE ACCESS TO LONG-TERM CARE

PROBLEM:

Americans are living longer and getting older. Montanans are no exception. Currently one in six of the state's residents, or 120,000 Montanans, are over 65 years of age. People age 85 and older make up the fastest growing age group in the country. The Census Bureau predicts the over-85 age group will double in size by the year 2020, and double again by 2040. As the trend toward an older population continues, the demands placed on society to meet the long-term care needs will inevitably increase.

Advances in medical technology are saving the lives of critically ill young people, infants, and accident victims who earlier would not have survived. Many of these people will require an array of long-term care services throughout their lives.

Given these trends, two questions arise: What kinds of long-term care services do we need? How will we pay for them?

The majority of long-term care services in Montana are paid for through the Medicaid program. Sixty-two percent of all nursing home care, for example, is Medicaid financed. While long-term care policies are available from private insurers, on a national level less than 2% of nursing home care is paid for through private insurance. These statistics should come as a surprise to no one. The current system of long-term care provides few incentives to people willing and able to pay for the services they need.

"...on a national level less than 2% of nursing home care is paid for through private insurance."

RECOMMENDATIONS:

Governor Stephens is proposing a legislative package designed to provide incentives to individuals and families who pay for their own care. The proposal has seven major components and provides two forms of tax incentives to encourage privately financed long-term care services. It expands the types of long-term care expenses eligible for the Montana Elderly Tax Credit and broadens the definition of those who qualify for credits. One hundred percent of the cost of premiums paid for qualified long-term care insurance policies would be deductible on state income tax as a medical expense. The proposal expands the Medicaid Home and Community Waiver and provides funding for a pilot project to measure the impact of Medicaid reimbursement for licensed personal care facility services. The legislation also directs state agencies to seek grant funds to test new ways to simplify the location of long-term care services. Finally, the Department of Social and Rehabilitation Services is authorized to pursue Medicaid eligibility changes, such as those proposed by the state of Connecticut, that would reward those who purchase long-term care insurance.

❶ *Elderly Care Credits*

To ease the financial burden on Montanans who help elderly relatives needing long-term care, the 1989 Legislature enacted the Montana Elderly Tax Credit program. Privately financed long-term care would be further encouraged by expanding the credit program in the following ways:

- *The age limit for the person cared for would be reduced from 70 to 65;*
- *Expenditures related to care of someone considered disabled under Social Security regulations would be eligible for credit;*
- *Expenditures by family members for services in health care facilities licensed by the Department of Health would become eligible for credit; and*
- *Correction of an oversight in the 1989 legislation, increasing the income threshold for an eligible married couple from $15,000 to $30,000.*

❷ *Long-Term Care Insurance Tax Deduction*

In order to encourage the purchase of long-term care insurance, the definition of a tax deductible medical expense would expand to include expenditures for long-term care policies meeting state standards.

❸ *Medicaid Waiver Expansion*

The Medicaid Home and Community Waiver provides in-home services for elderly and disabled persons who would otherwise be placed in a nursing home. The Governor's budget contains a proposal to provide Medicaid waiver services for an additional 50 people in the coming biennium.

❹ *Personal Care Facilities Pilot Project*

Licensed personal care facilities provide care and support to Montanans who require some assistance but do not need nursing home care. Currently, personal care facilities do not qualify for Medicaid reimbursement, although recent changes in federal law give states the option for such funding beginning in 1994. The Governor's proposed legislation provides $60,000 in state dollars during fiscal year 1993 for a pilot project to test the feasibility of Medicaid funding in a limited number of existing personal care facilities. These funds are already in the SRS executive budget to fund OBRA requirements for active treatment. The project would require approval from the federal government prior to implementation.

❺ *Increase Nursing Home Fees to Improve Services*

A study of Montana's Medicaid nursing home reimbursement system indicates the need for increased reimbursement levels. The proposed increase is about $9.00 per day per bed for a total cost in state and federal funds of about $17 million. The increase should improve services to the elderly and prevent cost shifting to private payers. In order to raise the general fund dollars needed to fund the reimbursement increase, the Governor's budget contains a proposal to implement a $1 per day nursing home utilization fee. If adopted, a flat fee of $1 will be assessed for each day a nursing home bed is occupied by a resident. It will require nursing homes to choose whether or not to charge the cost of the fee to those who pay for their own care. No additional charges could be imposed on Medicaid funded residents. The fee would begin in fiscal year 1993 and would raise approximately $2 million per year. The proposed utilization fee has received support from several nursing home provider organizations and senior advocacy groups.

❻ *Single Point of Access*

Montana has a variety of publicly funded long-term care programs administered by state agencies. In order to improve coordination of these services, the Governor's Office on Aging and the Department of Social and Rehabilitation Services are directed to seek grant funds for a pilot project to create a single point of access for consumers of long-term care services. The pilot would provide:

- *A single point of access for all publicly funded long-term care programs;*
- *An assessment of each applicant, including an individualized care plan;*
- *A smooth transition from privately funded services to eligibility for public programs;*
- *An assurance that all funding sources are maximized for each client; and*
- *Education opportunities for clients and families concerning options for long-term care.*

❼ *"Connecticut Plan"*

The state of Connecticut is seeking federal government approval for a plan to encourage people to purchase long-term care insurance prior to applying

for Medicaid. The plan would allow people who buy qualifying long-term care insurance policies to become eligible for Medicaid while retaining financial assets up to the value of the services provided by the insurance. This allows people with extensive long-term care needs to preserve some of their financial assets. The state benefits because many individuals who would have been served by Medicaid will never enter the program. While the Connecticut plan is not possible under current regulations, the Department of Social and Rehabilitation Services is directed to pursue it if it becomes an option.

STEP 5. COMMITMENT TO CONTINUATION OF THE BUILDING PROCESS

❶ A major source of future funding for Governor Stephens' health care initiatives will be savings realized from redesign of the State Medical program. This program is a 100% general fund program operating in twelve Montana counties. Thus, forty-four counties are not affected by this proposal. Based on a comprehensive analysis, the Department of Social and Rehabilitation Services proposes significant restructuring of the State Medical program to more effecively meet the essential medical needs of low income persons and substantially reduce general fund costs. Under the proposal, SRS would create two new programs to replace the existing program:

- *A **Chronic Coverage Plan** would provide medical services to low income individuals with severe medical conditions expected to last at least 12 months and who are actively trying to secure federal Supplemental Security Income benefits. Provided services would be similar in amount, scope, and duration to medical services provided through Medicaid.*
- *An **Acute Coverage Plan** would provide services to meet an identified medical emergency. Only services necessary to prevent significant illness, alleviate severe pain, protect life or prevent significant disability would be provided. Where feasible, prior authorization would be required through a managed care contract to determine if the service was medically necessary.*

In addition to service through the above programs, SRS is proposing expansion of the Project Work Program to allow purchase of medical care, dental care, eyeglasses, hearing aids, counseling and other rehabilitative services necessary to help people become employable. The services would be part of an individual case plan and provided with PWP funds.

Administrative changes made to the program during the current biennium include:

- *Implementation of a Managed Care Program to provide medical oversight of the appropriateness of services; and*
- *Implementation of a medical utilization and review process to restrict identified clients misusing the system.*

These administrative changes are expected to provide considerable general fund savings over the 1993 biennium.

❷ Governor Stephens proposes that the Legislature authorize SRS to use $79,666 in new federal community services block grant funds for the biennium to continue health care planning activities.

❸ Governor Stephens has directed his executive staff to work with the Board of Regents and University System to jointly undertake projects to improve health care access including but not limited to:

- *Undertaking a needs assessment with Montana's health care industry to identify training and education needs to be addressed to ensure quality of health care and adequate trained staff to provide such care;*
- *Exploring the viability of incentive programs for health professionals to practice in rural areas using the aforementioned physicians' program as a model. For instance, we should examine using pooled funds to provide loan forgiveness to persons who practice in rural settings;*
- *Determining the need, viability, and funding options for an Office of Rural Health.*

❹ Governor Stephens will host a one-day meeting in Spring of 1991 to provide a forum on 1991 legislative action and to develop a mechanism for continuing to address complex health issues.

❺ Governor Stephens will host a major conference in the Fall of 1992 on the status of state and national health care issues and needed action by the 1993 Legislature. The conference will also review the success and/or failure of actions taken based upon this report.

WORKING COMMITTEES

Bob Frazier, Project Consultant

1. Expansion of Private Health Insurance

Chairman Rep. Fred Thomas, Stevensville
Alan Cain, Blue Cross Blue Shield of Montana
Chuck Butler, Blue Cross Blue Shield of Montana
Denis Adams, Director, Department of Revenue
David Barnhill, Deputy Commissioner of Insurance
Mike Craig, Dept. of Health and Environmental Sciences
Terry Frisch, Third Party Liability, Department of SRS
Chuck Brooke, Director, Department of Commerce
Bob Anderson, Department of Institutions
Brian Zins, Montana Medical Association
Dick Brown, Montana Hospital Association
Rep. Jerry Driscoll, AFL-CIO, Billings
Rep. Jan Brown, Helena
Rep. John Cobb, Augusta
Tom Hopgood, Attorney, Helena
Mona Jamison, Attorney, Helena

2. Insurance Coverage for Children

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Chuck Butler, Blue Cross Blue Shield of Montana
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Judy Wright, Dept. of Health and Environmental Sciences
Dee Capp Harrington, Medicaid Division, Department of SRS
Dr. Jeff Strickler, Helena
Brian Zins, Montana Medical Association

3. Long Term Care Strategies

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Rose Hughes, Executive Director, Montana Health Care Association
Jean Johnson, Executive Dir., Montana Assoc. of Homes for the Aging
Bob Olson, Vice President, Montana Hospital Association
Vi Thompson, Chairperson, Governor's Council on Aging
Laurie Brengle, Pres., Area Agency on Aging Director's Association
Joan Taylor, Case Management Association
Jane Anderson, Area Agency Director, Anaconda
Jack Gallagher, Deaconess Medical Center, Billings
Riley Johnson, Helena

4. Health Care Services Availability Advisory Council

Chairman Dr. Van Kirke Nelson, Kalispell
Dr. Jimmie L. Ashcraft, Sidney
Dr. Gordon K. Phillips, Great Falls
Dr. Jim Hoyne, Clancy
Chadwick Smith, Legal Profession
Larry E. Riley, Legal Profession
Leonard A. Kaufman, The Doctor's Company
Charles Butler, Jr., Blue Cross Blue Shield of Montana
Senator Loren Jenkins, Big Sandy
Paul F. Boylan, Bozeman
Rep. John A. Mercer, Polson
Rep. Paula Darko, Libby
Peggy Guthrie, Health Care Professional, Choteau
John Bartos, Administrator, Marcus Daly Memorial Hospital
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Russ LaVigne, Montana Legal Service

HEALTH CARE FOR MONTANANS RELATED LEGISLATION

1. An act providing for the enforcement of health insurance obligations through withholding. *Sponsor: Rep. Jan Brown*

2. An act to develop managed care systems to protect the health of Medicaid and State Medical recipients. *Sponsor: Rep. Thomas Keating*

3. An act revising the Medicaid program to continue the presumptive eligibility program for pregnant women; to continue hospice services; to add federally qualified health centers as a Medicaid service; and to expand the people entitled to receive Medicaid assistance in paying for medicare premiums. *Sponsor: Rep. Thomas Nelson*

4. An act imposing a $1 utilization fee upon nursing home beds in order to raise state general fund revenues for the Medicaid program. *Sponsor: Rep. John Cobb*

5. An act providing tax credits as an incentive for physicians to practice in rural areas. *Sponsor: Rep. Dennis Nathe*

6. An act expanding the current tax credit for health related expenses of the elderly. *Sponsor: Rep. Charlotte Messmore*

7. An act to provide tax deductions for the costs of purchasing long-term care insurance. *Sponsor: Rep. Charlotte Messmore*

8. An act to promote health insurance for the uninsured by providing tax credits and providing exemptions from some mandatory coverage requirements. *Sponsor: Rep. Fred Thomas*

9. An act to revise eligibility criteria for the State Medical Program by establishing separate criteria for those who are chronically disabled in comparison with those who are temporarily disabled. *Sponsor: Sen. Gary Aklestad*

HEALTH CARE FOR MONTANANS

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